3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

discharge of a chief accountant was permissible only with the the consent of the competent Minister.

This method of dual control, which under normal conditions is a useful expedient for financial supervision, proves less efficient in an atmosphere full of suspicion, under the continuing threat of purges. The measure aggravated the prevalent tendency to shirk responsibility, which became a serious impediment in the management of enterprises. Delayed decisions obstructed adjustments. The bureaucratic methods of conducting business hampered exports.

Consequent on the efforts to reach the production quotas, or possibly to exceed them, emphasis was placed on quantitative results. The enforced acceleration of the pace of work in the labour contests was not conducive to maintaining the quality of products. The policy of encouraging lower-grade technical improvements within the workshop threw the importance of more substantial inventions, such as might effect improvements of quality, into the shade. The authorities did make efforts to encourage industrial research. But the attention of industrial executives, in particular of the new managers recruited from the workers' class, was centred on the workers' innovations. Remedial measures were tardily taken. It was only in November 1949 that a decree was issued on the establishment of committees for supervision of quality in the factories. At the same time the decree provided for training courses for the supervision of quality in the various sectors of light industry.

In summing up the results of these exertions,[1] we are faced with a question which has been the subject of much controversy with labour, the productivity per head in industry. Taking the volume of output per man-hour as a basis, the Planning Department stated that, compared with 1946–7, productivity in manufacturing industry had risen 25 per cent during the first Plan year. The Department claimed at the same time that during 1947–8 productivity per head had attained (on an average) 86 per cent of the pre-war level. In the course of the second short Plan period productivity improved, as it seems, slowly, attaining in December 1948 about 96 per cent of the pre-war level.

The Report of the Planning Department on the first half of 1949 stated that during this period improvement was unsatisfactory, the level of productivity being in June 4 per cent below that of the last five months of 1948. (The productivity level during these months was at an average slightly over 90 per cent of pre-war).

[1] According to press reports hundreds of thousands of workers were involved in the labour contests in the autumn of 1949.